



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

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FEDERAL PERSONNEL AND
COMPENSATION DIVISION

B-146895

DECEMBER 5, 1979

The Honorable Harold Brown
The Secretary of Defense



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Dear Mr. Secretary:

Subject: The Payment of Basic Allowance for Subsistence to All Enlisted Members at Three Military Installations Should Be Discontinued (FPCD-80-18)

We have completed a review of the administration of basic allowance for subsistence (BAS) by the Department of Defense (DOD). DOD and the military services have taken several actions stemming from recent studies and tests to improve food services and the administration of BAS. Some of these actions can result in marked improvements in food services. We are concerned, however, that the Departments of the Air Force and Navy are continuing to incur additional BAS costs of about \$800,000 annually at three installations although the tests have been completed. These costs relate solely to one aspect of the test that DOD has not adopted DOD-wide mainly because the increased costs would be prohibitive.

We recognize that discontinuing the BAS payments could cause morale problems at the three installations. We believe that the problems can be minimized and that the funds can be better used to improve food services throughout DOD.

As you know, all military personnel receive either a cash BAS or meals provided by the Government. Enlisted men receive BAS only when they do not eat in Government dining facilities for certain authorized reasons. All officers, because they are required to purchase their meals, are paid BAS at all times.

The Department of the Air Force began testing a new food service system at Shaw Air Force Base, South Carolina, in October 1972 to identify ways to improve food service and BAS administration. All enlisted personnel were paid BAS and required to purchase their meals, and dining facilities

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were converted to a-la-carte feeding with individual item pricing. At DOD's request and direction, the test was extended to Loring Air Force Base, Maine, in January 1975. The Navy began a similar test at Alameda Naval Air Station, California, in March 1976. The Air Force also tested the a-la-carte concept at a Strategic Air Command base, but did not pay BAS to all enlisted members.

The Air Force has taken the position that the payment of cash BAS to enlisted personnel is the ultimate goal for the vast majority of its airmen. In a memorandum dated August 25, 1976, the Deputy Assistant Secretary of Defense (Supply, Maintenance and Services) approved an Air Force request to continue indefinitely the a-la-carte concept and the payment of BAS to all enlisted members at Loring. He stated that some conclusions drawn from the test, such as improved quality of life for those airmen involved and no increased equipment or food service staffing requirements, supported the decision to allow the continuation.

Test results showed that various cost and management benefits result from the a-la-carte and all-BAS concepts. The all-BAS concept eliminated the need for meal cards, related control and security procedures, and many other administration functions. Under the a-la-carte concept, food economy was encouraged on the part of customers and food service personnel, feeding costs were significantly reduced, and enlisted personnel had a clear preference for both the a-la-carte concept alone and the combination all-BAS/a-la-carte concept over the traditional feeding system. Dining facility modification and additional equipment costs were minimal under the a-la-carte concept.

Many of the benefits, however, particularly those involving the BAS payments, were not readily quantifiable, but there were significant annual cost increases. The additional costs resulted because enlisted personnel receiving BAS did not always eat in the dining hall. Before the all-BAS concept, the services did not incur any costs when enlisted personnel either missed meals or ate elsewhere at their own expense. The additional annual BAS costs were about \$237,000 at Shaw Air Force Base, about \$213,000 at Loring Air Force Base, and about \$354,000 at Alameda Naval Air Station. 1/

1/When the Air Force and Navy tested the all-BAS concept, the daily BAS rate ranged from \$1.46 to \$2.53. These costs would now be much greater with the current daily BAS rate of \$3.21.

In a memorandum dated March 13, 1979, the Deputy Assistant Secretary of Defense (Supply, Maintenance and Services) concluded that the increased costs prohibited the adoption of the all-BAS concept DOD-wide, but that the a-la-carte concept provided many benefits without a large increase in expenditures. He recommended that all services adopt the a-la-carte feeding system where feasible.

The Air Force has converted or is converting to the a-la-carte concept at over 50 installations with more planned; the Army and Marine Corps are testing the concept; and the Navy is considering the concept. However, despite DOD's conclusion that the increased cost of the all-BAS concept is prohibitive and recommendation that only the a-la-carte concept be adopted where feasible, the Air Force and Navy are continuing to pay BAS to all enlisted personnel at Shaw, Loring, and Alameda.

We commend DOD and the services for seeking improvements in BAS and food service operations. The a-la-carte concept appears to be a reasonable alternative to the existing system and could improve food service operations, reduce food costs, and improve morale.

We believe, however, that the practice of paying cash BAS to all enlisted personnel at the three former test sites should be discontinued because the benefits derived cannot be quantified in relation to the substantial increase in annual cost and because it is not fair and equitable to other members. Service officials told us discontinuing BAS payments would

- create morale problems and would be a change from a stated Air Force goal,
- continue to penalize members for missing Government-provided meals, and
- take away the base commander's management responsibilities to maintain an efficient feeding system.

We recognize that discontinuing the payments could create morale problems. We assume, however, that all personnel at the three installations were advised that these were tests and that at the end of the tests BAS payments could be discontinued. But even if the enlisted personnel were not advised, the two services and DOD have sufficient evidence to show that the three installations were testing and, therefore, BAS was not intended to be necessarily permanent. The Air Force should also reassess its goal if the increased costs prohibit adoption of the all-BAS concept DOD-wide.

Discontinuing the payments would not penalize these members anymore than other enlisted service members, because once these members are transferred to other installations, the payments will probably cease. We also do not believe that a discontinuance would take away the base commander's management responsibilities to maintain an efficient feeding system when the efficiencies of paying BAS to all enlisted personnel cannot be demonstrated.

We recommend, therefore, that you direct the Departments of the Air Force and Navy to provide you with their proposals for discontinuing BAS payments to enlisted personnel, who would otherwise receive subsistence-in-kind, at the three installations involved. You might consider using the funds to help pay for dining facility modification and equipment costs of converting to an a-la-carte feeding at other locations.

We would appreciate your comments and information on actions taken on the above matter.

As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House Committee on Government Operations and the Senate Committee on Governmental Affairs not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

We are sending copies of this letter report to the Director, Office of Management and Budget; the Chairmen, House and Senate Committees on Armed Services and on Appropriations; the Chairmen, House Committee on Government Operations and Senate Committee on Governmental Affairs; and the Secretaries of the Navy and Air Force.

Sincerely yours,



H. L. Krieger
Director